HELP TO GROW.
MANAGEMENT COURSE

MODULE 12 – IMPLEMENTING GROWTH PLANS CASE STUDY: TEXTHELP SYSTEMS LTD

CASE STUDY BACKGROUND 1

SMALL BUSINESS CHARTER

HM Government

texthelp®

TEXTHELP SYSTEMS LTD BACKGROUND 1

OVERVIEW

Texthelp is a literacy, accessibility and dyslexia software developer for employees & students with reading and writing difficulties. Their aim is to help people communicate with accuracy and fluency. Texthelp provide assistive learning solutions for people of all ages, having gained widespread adoption across the corporate and education sectors. They have a suite of products from Read & Write to Speechstream and Fluency Tutor. Started in 1994 in Northern Ireland (NI) by Martin McKay, the company now operates across several countries, with over 100 million customers and more than 350 employees globally.

This case study covers the following four sections aligned with the workshop materials with a focus on strategy and innovation, winning new markets and values:

- Start-up and early growth (Case Study Part 1 and Video 1)
- Growth and new markets (Case Study Part 1 and Video 2)
- Innovation and Product Development (Case Study Part 1 and Video 3)
- Three Phases of company growth (Case Study Part 2 and Video 4)
- Two further videos available on the VLE discuss more around Texthelp's growth

MARTIN MCKAY - THE ENTREPRENEURIAL LEADER

From a farming background, Martin McKay always wanted to be his 'own boss' and was used to hard work. At Queens University in Belfast he switched from studying Agricultural Microbiology to Computing as his interest in computer technology and multimedia grew, but after two years Martin felt he already knew enough and decided to pursue his ambitions to establish his own business. Personal circumstances proved to be the ultimate catalyst when his father became unable to speak following a stroke, and this fueled his fourteen-hour days, seven days a week work-life as Texthelp developed and grew.

Origins of Texthelp

Texthelp was established in NI to provide assistive technology software for people with low literacy, offering linguistics products and more recently, maths. Martin worked to find assistive technology solutions for people facing speech challenges following stroke or motor neuron disease (MND) but, through contacts in higher education, the wider dyslexia market was also identified. Early efforts to commercialise outside of NI focused on Scotland, the UK, and subsequently the United States (US). Whilst Martin recognized that there were many products in this established market, particularly for learning support in the education sector, there was a gap for a good dyslexia product. This valuable research (conducted pre-internet!) proved critical to enable Martin to better understand what he needed to do with his product, and Texthelp, and where to focus efforts.

In those early days, Martin was entrepreneurial and understood that to grow the company he needed to move out of the NI market, spreading across the UK by making use of established resellers in the market. His key learning from this period was realisation that a clear vision is needed to support growth, both for the business leader and the team who will deliver on this vision.

Early growth for Texthelp was driven by a number of factors:

- A strong leader with a desire to succeed and achieve in Martin McKay.
- The use of research to inform what he did not know about the different markets, existing products, customer need and competitors.
- Organic growth was used effectively in the early stages.
- The customer voice was used to identify ways to enhance the product offering to support their needs better than competitors – one customer at a time.

TEXTHELP MISSION AND VALUES

Texthelp now has a very clear mission for the company to make a difference in the lives of people:

"we want to help everyone to understand and be understood".

Texthelp vision:

"by 2030, we want to have advanced the literacy and understanding of 1 billion people around the world."

But Martin also believes that **"a business is not set up alone but by the commitment and investment of a team to achieve the vision"**.

Going for growth and developing new markets

A move to export to other English speaking markets, especially the US, became a priority next step for Texthelp, funded initially through profits from the UK market. It took seven challenging years to break-even in the US, to develop the market and secure the investment needed. With the US market identified as the priority, Martin found himself on a plane to the States on a monthly basis, eight months a year for nearly two decades with a hot desk in an incubation office in Boston as a point of contact. The early US growth involved regular attendance at targeted tradeshows, showcasing assistive learning technologies, while researching competitor offerings. This activity helped to get early customers onboard, mainly Resellers, to sell the company's products.

Resellers provided a low-cost, low-risk entry to the US market, an early opportunity to gain customer insights and build initial understanding of the competition. Martin acknowledges that the time spent in the US market allowed opportunities to listen to customer needs, understand the market better and develop relationships which were critical success factors and Texthelp continue to value this approach to this day – "we really listen to our customers". However, small-scale Resellers held severe limitations for a company in pursuit of growth.

Texthelp had proven that a market existed and retained an ambition to grow to meet global potential, but this meant going international as the domestic market was too small. Despite initial organic success (from the mid-nineties onwards), scaling a business requires investment, so Venture Capital (VC) support was sought which brought with it, for the first time, a management board. The board included experienced business practitioners who pushed Martin and the Texthelp team really hard for positive results and growth. VC investment therefore introduced new skills and people to the company with a common goal to achieve and succeed. By 2021, through acquisitions and strong market position, Texthelp were the largest competitor in the US market and able to out-compete others. They are the global leader in their sector with 350 staff globally, in the UK, Australia, Canada and the US.

Innovation and Product Development

For Texthelp to go for growth within the US market was always going to require a commitment to innovation, systematic and thoughtful new product development use of analytics and a more sophisticated marketing and sales structure for the company. Martin recognised that reinvention was necessary for a software company to remain competitive, especially when, in 2015, Google entered the US education market with Chromebooks, necessitating rewriting of Texthelp products to work on Chrome. Critical success factors included the strong and skilled engineering team making informed decisions using analytics, and a more strategic approach to future growth, taking the company away from Resellers to obtain the level of growth Martin desperately sought. While external investors were key drivers in Texthelp's efforts to adopt a more strategic approach to growth, Martin learnt that failure is also important: "I have a litany of learnings from failed products over the last 30 years". Indeed, a young Texthelp would have been less deliberate about innovation and new products – "we would make and release it and see if it flies".

Although developing relationships with early customers, capturing market insight and displacing competitors was time and resource intensive, becoming increasingly more strategic about innovation and product development, along with stronger investment and use of analytics, meant Texthelp was able to achieve the growth they sought and envisaged.

Additional Sources

LDC (2022) "Our partnership with LDC helped us go further, faster". Available from: https://ldc.co.uk/portfolio/texthelp-delivering-growth/

Rothchilds & Co. (2020), Texthelp. Available from https://www.rothschildandco.com/en/merchant-banking/corporate-private-equity/fapi/portfolio/texthelp/

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Texthelp Official Website | https://www.texthelp.com

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